

SENATE BILL 335

K4

(2lr0876)

ENROLLED BILL

— Budget and Taxation/Appropriations —

Introduced by **Chair, Budget and Taxation Committee (By Request – Judicial Compensation Commission)**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **Judges' Retirement System – Contribution Rates ~~for New Members~~ and**
3 **Vesting Requirements**

4 FOR the purpose of altering the rate of member contributions for ~~individuals who~~
5 ~~become~~ members of the Judges' Retirement System ~~on or after a certain date;~~
6 ~~altering the rate of member contributions for certain members of the Judges'~~
7 ~~Retirement System; providing for the effective date of certain provisions of this~~
8 ~~Act;~~ requiring individuals who become members of the Judges' Retirement
9 System on or after a certain date to earn a certain amount of eligibility service
10 before becoming eligible to receive certain retirement allowances; altering the
11 calculation of a normal service retirement allowance for certain members in the
12 Judges' Retirement System; and generally relating to the Judges' Retirement
13 System.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



1 BY repealing and reenacting, with amendments,
 2 Article – State Personnel and Pensions
 3 Section ~~27–202, 27–401, and 27–402(c)~~
 4 Annotated Code of Maryland
 5 (2009 Replacement Volume and 2011 Supplement)

6 ~~BY repealing and reenacting, with amendments,~~
 7 ~~Article – State Personnel and Pensions~~
 8 ~~Section ~~27–202~~~~
 9 ~~Annotated Code of Maryland~~
 10 ~~(2009 Replacement Volume and 2011 Supplement)~~
 11 ~~(As enacted by Section 1 of this Act)~~

12 *BY repealing*
 13 *Article – State Personnel and Pensions*
 14 *Section 29–301*
 15 *Annotated Code of Maryland*
 16 *(2009 Replacement Volume and 2011 Supplement)*

17 *BY adding to*
 18 *Article – State Personnel and Pensions*
 19 *Section 29–301*
 20 *Annotated Code of Maryland*
 21 *(2009 Replacement Volume and 2011 Supplement)*

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 23 MARYLAND, That the Laws of Maryland read as follows:

24 **Article – State Personnel and Pensions**

25 27–202.

26 (a) Except as provided in ~~subsection (b)] SUBSECTIONS (B) AND (C)~~ of this
 27 section, a member's contribution rate is ~~6%~~ 8% of the member's earnable
 28 compensation.

29 (b) ~~THE CONTRIBUTION RATE FOR AN INDIVIDUAL WHO BECOMES A~~
 30 ~~MEMBER ON OR AFTER JULY 1, 2012, IS 8% OF THE MEMBER'S EARNABLE~~
 31 ~~COMPENSATION.~~

32 ~~(c)~~ After 16 years of service as a member, a member does not make any
 33 further contributions.

34 ~~SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland~~
 35 ~~read as follows:~~

Article — State Personnel and Pensions

27-202.

~~(a) Except as provided in [subsections (b) and (c)] SUBSECTION (B) of this section, a member's contribution rate is [6%] 8% of the member's earnable compensation.~~

~~(b) [The contribution rate for an individual who becomes a member on or after July 1, 2012, is 8% of the member's earnable compensation.]~~

~~(c) After 16 years of service as a member, a member does not make any further contributions.~~

~~SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect July 1, 2013.~~

27-401.

(A) (1) THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO IS A MEMBER OF THE JUDGES' RETIREMENT SYSTEM ON OR BEFORE JUNE 30, 2012.

(2) A member or former member is entitled to a retirement allowance:

[(1)] (I) on termination of service, if the member is at least 60 years old;

[(2)] (II) on the recommendation of the medical board, if the member or former member resigns because of disability;

[(3)] (III) when retired by order of the Court of Appeals; or

[(4)] (IV) at the age of 60 years, if the former member's termination of service occurred earlier.

(B) (1) THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO BECOMES A MEMBER OF THE JUDGES' RETIREMENT SYSTEM ON OR AFTER JULY 1, 2012.

(2) A MEMBER OR FORMER MEMBER IS ENTITLED TO A RETIREMENT ALLOWANCE:

(I) ON TERMINATION OF SERVICE, IF THE MEMBER IS AT LEAST 60 YEARS OLD AND HAS AT LEAST 5 YEARS OF ELIGIBILITY SERVICE;

1 (II) ON THE RECOMMENDATION OF THE MEDICAL BOARD, IF
 2 THE MEMBER OR FORMER MEMBER RESIGNS BECAUSE OF DISABILITY;

3 (III) WHEN RETIRED BY ORDER OF THE COURT OF APPEALS;
 4 OR

5 (IV) AT THE AGE OF 60 YEARS, IF THE FORMER MEMBER'S
 6 TERMINATION OF SERVICE OCCURRED EARLIER AND THE FORMER MEMBER HAD
 7 AT LEAST 5 YEARS OF ELIGIBILITY SERVICE WHEN THE FORMER MEMBER
 8 TERMINATED SERVICE.

9 27-402.

10 (c) (1) (I) THIS PARAGRAPH APPLIES ONLY TO AN INDIVIDUAL
 11 WHO IS A MEMBER OF THE JUDGES' RETIREMENT SYSTEM ON OR BEFORE JUNE
 12 30, 2012.

13 (II) On retirement under this subtitle by a retiree who has less
 14 than 16 years of service credit as a member, the retiree is entitled to a reduced
 15 retirement allowance that equals the retirement allowance computed under subsection
 16 (a) or (b) of this section multiplied by a fraction that has:

17 [(1)] 1. for its numerator, the number of years of service credit as a
 18 member; and

19 [(2)] 2. for its denominator, 16.

20 (2) (I) THIS PARAGRAPH APPLIES ONLY TO AN INDIVIDUAL
 21 WHO BECOMES A MEMBER OF THE JUDGES' RETIREMENT SYSTEM ON OR AFTER
 22 JULY 1, 2012.

23 (II) ON RETIREMENT UNDER THIS SUBTITLE BY A RETIREE
 24 WHO HAS AT LEAST 5 YEARS BUT LESS THAN 16 YEARS OF SERVICE CREDIT AS A
 25 MEMBER, THE RETIREE IS ENTITLED TO A REDUCED RETIREMENT ALLOWANCE
 26 THAT EQUALS THE RETIREMENT ALLOWANCE COMPUTED UNDER SUBSECTION
 27 (A) OR (B) OF THIS SECTION MULTIPLIED BY A FRACTION THAT HAS:

28 1. FOR ITS NUMERATOR, THE NUMBER OF YEARS OF
 29 SERVICE CREDIT AS A MEMBER; AND

30 2. FOR ITS DENOMINATOR, 16.

31 [29-301.

1 *This subtitle does not apply to the Judges' Retirement System.*

2 **29-301.**

3 **(A) THIS SECTION APPLIES ONLY TO A MEMBER OF THE JUDGES'**
4 **RETIREMENT SYSTEM WHO BECOMES A MEMBER ON OR AFTER JULY 1, 2012.**

5 **(B) (1) A MEMBER MAY ELECT TO RECEIVE A VESTED ALLOWANCE IF:**

6 **(I) THE MEMBER IS SEPARATED FROM EMPLOYMENT OTHER**
7 **THAN BY DEATH OR RETIREMENT; AND**

8 **(II) THE MEMBER HAS AT LEAST 5 YEARS OF ELIGIBILITY**
9 **SERVICE.**

10 **(2) A MEMBER IS DEEMED TO HAVE ELECTED A VESTED**
11 **ALLOWANCE, UNLESS THE MEMBER REQUESTS THE RETURN OF THE**
12 **ACCUMULATED CONTRIBUTIONS BEFORE MEMBERSHIP ENDS.**

13 **(C) A VESTED ALLOWANCE IS A DEFERRED ALLOWANCE STARTING AT**
14 **AGE 60.**

15 **(D) A VESTED ALLOWANCE:**

16 **(1) IS COMPUTED AS A RETIREMENT ALLOWANCE UNDER § 27-402**
17 **OF THIS ARTICLE ON THE BASIS OF THE FORMER MEMBER'S CREDITABLE**
18 **SERVICE AT THE TIME OF SEPARATION FROM EMPLOYMENT; AND**

19 **(2) MAY BE PAID IN ONE OF THE OPTIONAL FORMS OF**
20 **ALLOWANCES UNDER § 21-403 OF THIS ARTICLE, IF AT RETIREMENT, THE**
21 **MEMBER DOES NOT HAVE A SPOUSE OR CHILD UNDER THE AGE OF 18.**

22 **(E) (1) IF A FORMER MEMBER WHO ELECTED A VESTED ALLOWANCE**
23 **REQUESTS THE RETURN OF ACCUMULATED CONTRIBUTIONS BEFORE PAYMENT**
24 **OF THE VESTED ALLOWANCE BEGINS, THE BOARD OF TRUSTEES SHALL RETURN**
25 **THE ACCUMULATED CONTRIBUTIONS TO THE FORMER MEMBER.**

26 **(2) WHEN ACCUMULATED CONTRIBUTIONS ARE RETURNED TO A**
27 **FORMER MEMBER, THE FORMER MEMBER IS NOT ENTITLED TO FURTHER**
28 **BENEFITS ON ACCOUNT OF THE FORMER MEMBER'S PREVIOUS MEMBERSHIP.**

29 SECTION ~~2~~ 4 ~~2~~ AND BE IT FURTHER ENACTED, That, ~~except as provided~~
30 ~~in Section 3 of this Act,~~ this Act shall take effect July 1, 2012.